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ABSTRACT

This is the seventeenth in a set of 36 teacher guides to the Entrepreneurial Training modules and accompanies CE 031 062. Its purpose is to give students some idea of what it is like to own and operate an answering service. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning an Answering Service; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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Entrepreneurship Training Components

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ED211779

# GETTING DOWN TO BUSINESS:

## Answering Service

Module 17

Teacher Guide

CE031063

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# GETTING DOWN TO BUSINESS:

## Answering Service

Norma Shapiro

May 1981

Developed at the American Institutes for Research
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U.S. Education Department

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## OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate an answering service. Students will have an opportunity to learn about the kinds of activities and decisions an answering service owner is involved in every day. While the module is not a complete "how-to" manual, the individual lessons provide your class with the chance to practice many of these activities and decisions.

Today, owners of small businesses face many problems--some minor, some not so easily taken care of. These problems are reflections of the changes our society is going through. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give students an opportunity to explore possible solutions.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program

covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit the answering service business specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

## Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a business owner in the field.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action oriented activity; some activities may focus on values clarification.

## General Notes on Use of the Module

| | | |
|---|---|---|
| Instructional Time: | Each unit = 1 class period; total class periods | = 9 |
| | Introduction, quiz, summary | = 1 |
| | Total instructional time = 10 class periods | |

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the

students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

## SUGGESTED STEPS FOR MODULE USE

Introduction (15 minutes, or integrate within first hour of Unit 1)

I. In introducing this module you will probably want to find out what students already know about the answering service business. You may want to ask these questions.

- What is a PBX operator?
- What is an answering service?
- What do students think are the advantages of owning an answering service?
- What do they think are the disadvantages?
- As of right now, how many feel they would consider being an owner of an answering service?
- Do they have a stereotyped image of what a switchboard operator is like? How about any stereotypes of answering service owners? How are they the same, or different?

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities answering service business owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later

choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning an Answering Service (1 class period)

I. Case Study: Linda Garcia talks about why she likes owning an answering service. She likes being friendly and being appreciated. She likes both the pressure periods and the slow times.

Text: The types of answering services and their clients
Daytime and 24-hour services
Types of clients
The competition
Skills and personal qualities for being an owner
Legal requirements

Optional Points to Present:

- You may want to point out that Linda Garcia runs an informal service. What would a formal service be like?
- Small business owners work very hard because the responsibility is all theirs.

II. Responses to Individual Activities

1. a, b, d
2. You would have to know how to speak clearly over the telephone, how to run a switchboard, and how to run a small business. Other answers may be appropriate.
3. Choice of type will vary, depending on students' interests. Special services that can be offered include paging doctors, relaying prescriptions to pharmacies, handling (detailed) emergency messages, taking special sales orders, making appointments, and doing customer typing and billing.
4. $10. You have to have a health and safety inspection from the city.

III. Responses to Discussion Questions

1. A business person leaves his or her office, the secretary is on vacation, etc. A home may use an answering service if the people who live there are away from home a lot and want to keep up with personal and business calls.

2. Yes, because answering machines are much cheaper in the long run.
   No, because people don't like machines and won't leave messages. People like the personal touch. A caller and/or client can't leave "if" messages.

3. A desk job gets boring. You wouldn't be working in an office with a lot of people around. It's too quiet. There's no steady paycheck. It's not glamorous.

IV. Group Activity

Here are some possible questions: How did you get started? How did you find a place? How did you find money to start? How do you get new clients? How much do you charge? What are your expenses? What is the worst thing that ever happened? What is the best or most exciting thing that ever happened? How do you hire people? Has an employee just not worked out? What did you do? What advice do you have for people going into the business?

Unit 2 - Choosing a Location (1 class period)

I. Case Study: Linda talks about studying several cities before deciding where to locate.

Text: Questions to help you choose the right city
The type of office space needed
Talking with the telephone company

II. Responses to Individual Activities

1. b

2. a

3. Talk to other business people
   Check with the Chamber of Commerce
   Look at the want ads, etc.

4. Linda checked out three cities. One was too small. One had mostly retired people who would probably not need her services.

III. Response to Discussion Question

Responses should fit your area. You may have to provide some background information to students regarding the population and growth patterns of local towns (see an almanac or census book). The amount of new construction underway in a town is also an indication of growth. Small service businesses that would use an answering service include plumbers, carpenters, auto repair and towing services, and the professions--doctors, dentists, lawyers, etc.

IV. Group Activity

All answers will be different. Discuss with students why they thought one factor was more important than the rest.

## Unit 3 - Getting Money to Start (1 class period)

I. Case Study: Linda talks about seeing a loan officer at the bank and writing up her business description and statement of financial need.

Text: Why you need a business description
A copy of Linda's business description
The costs of starting an answering service
Equipment
Office

Optional Points to Present:

- A personal résumé would also have to accompany the business description and the statement of financial need. You may want to bring in examples and discuss how to write a good résumé.

- Many people are reluctant to add money that they don't "need" at the moment. You may want to discuss the importance of the fudge factor.

II. Response to Individual Activity

Business descriptions will vary greatly with students. Make sure they include information on all the topics listed. Critique descriptions and decide whether they present a convincing case to the lender regarding the business' likelihood of success.

III. Responses to Discussion Questions

1. Starting off low means you are risking less and therefore have less money to lose. Spending less on equipment, extra services, and advertising, however, may mean you'll have trouble attracting customers. Starting off high means you have more equipment and are able to attract and handle more clients. You risk losing more, however.

2. Linda's business description is quite complete. You would probably need to know more about Linda herself. You'd want to know what previous jobs she had, her experience with the answering service business, and whether she is dependable.

3. Tai's uncle wants a lot of money back in a very short time. The business probably won't make any profit for at least six months. The bank is really the better deal because it is giving Tai three years to pay back the loan. She will have to

use at least part of her savings to show the bank she has faith in herself.

IV. Group Activity

The statement of financial need will vary greatly with students. Check their start-up expenses with the ranges provided in the text. Check their calculations of subtracting money on hand from starting expenses to determine the size of loan needed.

Unit 4 - Being in Charge (1 class period)

I. Case Study: Linda talks about what makes a good operator, how to write a job description, and how to hire and train new people.

Text: How many people do you need?
Reasons for hiring people
Writing the job description
Where to send the job description
Training the new people
Firing people who are not working out

II. Responses to Individual Activities

1. Advertising, bookkeeping, hiring and training people, dealing with angry clients, etc.

2. Private employment agencies, want ads in newspapers, bulletin boards in business schools.

3. Discuss the disadvantage of having people "drop in" without calling first. On the other hand, it may be an advantage to have people know your location so they will know how far they will have to travel to work.

4. Yes--some people wouldn't fit in. Applicants would know more about you. An answering service is a personalized business, so this is quite important.

5. Martha Sanchez is probably the best choice. William Burns has a history of illness. If this continues, he'd be a bad risk as an employee, since Linda needs someone who will show up every night to work alone. Also, he plans to move in nine months--and then Linda would need to spend more time hiring and training a replacement. Joan has work experience and business training, but she may be too shy to handle telephone work. Also, she wants $4.50 an hour to start, and Linda wants to offer $4. Martha has less education but a lot of work experience, a good speaking voice, and a willingness to learn. Her handicap would not affect her work performance in any way.

III. Responses to Discussion Questions

1. Answers will vary. Discuss the problems of male/female stereotyping.

2. Most business owners frown on making social arrangements through the company; they say an employee should be doing his or her job. Others think that it actually helps business. Encourage students to express their opinions.

3. Possibilities are to give him the raise, talk to the other operators, or do both.

IV. Group Activity

Here are some "Do's" and "Don'ts":

| Do | Don't |
|---|---|
| Give the employee a warning--be specific about what you don't like | Discuss it with anyone else |
| Let the person know in private | Let the employee talk you out of firing him or her |
| Tell the person why he or she is being fired | Let the employee train his or her replacement |
| Be nice but firm | |
| Give some termination pay | |

Unit 5 - Organizing the Work (1 class period)

I. Case Study: Linda talks about what makes an answering service good. She talks about organizing the messages.

Text: The client enrollment form
The basic message form
Special request forms
The "If _____ Calls..." form
The out-of-town form
The new instruction form
Old messages

II. Responses to Individual Activities

1. A

FOR John Homer (#142) TAKEN 9:38

FROM Rhonda Dubin

CO.

PHONE

P/C RYC W/C YH # PSNL IMPT - SAP WYC - H/A APPT RX HOLD

Your brace will be ready on Friday.

NAME Al (A-1 Rug Cleaners, #92) 9:45

FROM Alice Speight

CO.

PHONE

P/C RYC W/C (YH #) PSNL (IMPT - SAP) WYC - H/A APPT RX HOLD

B

She spilled a quart of milk on her rug.

Name: Fran Ryan Phone: 386-4218

Number: 143

C Other names on this line None

Type of business/residence: Social Worker

Special requests: Needs 24-hour service. Call if there is an emergency; can be reached at Mayfair Gen. Hosp. on Tues & Thur.

SEC. IN | Arnie Shaw NAME OR LINE NUMBER | EXT. 104

IF Mr. Mrs. Miss His daughter CALLS

D

DELIVER THIS MESSAGE:

Tell her to wait at the school office.

TIME RECEIVED 10:35 | TIME COMPLETED | SEC. OUT

SEC. IN | Chris Sanchez NAME OR LINE NUMBER | EXT.

IF Mr. Mrs. Miss Rita Manx CALLS

E

DELIVER THIS MESSAGE:

Tell her Chris must see her 10 minutes before the trial starts.

TIME RECEIVED 10:50 | TIME COMPLETED | SEC. OUT

III. Responses to Discussion Questions

1. Encourage students to do what they feel is best.

2. Responses will vary from, "I would never do it" to "An operator's responsibility is to his or her client."

3. Have students discuss the "pro's" and "con's" of putting clients on "hold." How do students feel when they're put on hold?

IV. Group Activity

This kind of activity can be fun if you decide to spend a moderate amount of time with it (at least 20 minutes) and do not mind a noisy classroom!

Unit 6 - Setting Prices (1 class period)

I. Case Study: Linda tells how she found out her competitors' prices and set her own prices.

Text: Terms used in setting prices for an answering service.
How to determine price
What are people willing to pay?
What are your business costs?
What are your personal costs?
Raising prices

II. Responses to Individual Activities

1a. Alvin Lee should use River Answering Service (#4).

b. Dr. Mary Saito should use Hello Answering Service (#5).

2. Answers will vary depending on whether students pick a daytime or 24-hour service, use a flat rate or a unit system, and offer extra services.

3. Students should remind customers of their history of excellent service and low prices, and then explain why price raises are necessary. The letter should be straightforward but emphasize the answering service's desire to remain responsive to clients' needs.

III. Responses to Discussion Questions

1. The advantages of a contract are that clients are more inclined to stay with you. The disadvantages are that you as the owner will have to absorb rising costs for a year without being able to raise the prices.

2. Most answering services agree that it is professional to charge different rates if clients really do have an unusually high number of calls. It enables them to hire more operators if they have to.

3. Answers may include giving the operators a raise; buying new equipment; having to pay higher rent; and other increased expenses due to inflation.

IV. Group Activity

Answers should provide for some discussion about the various methods of pricing. Services with similar hours of operation and pricing methods (e.g., daytime services with flat rates only) can be easily compared. Services with different hours and pricing methods should be compared based on the types of customers that will be using them--e.g., doctors wanting 24-hour service, laywers wanting high-volume daytime service; small consulting firms wanting daytime service for about 20 calls a week.

Unit 7 - Advertising and Selling (1 class period)

I. Case Study: Linda talks about her advertising strategy--i.e., the importance of the Yellow Pages ad, goodwill, and introductory rates.

Text: The Yellow Pages ad
Composing an ad
Goodwill
Direct mailings
One-time-only ideas
The cost of using different media

II. Responses to Individual Activities

1. The Yellow Pages is the best way to advertise. Phone contact with potential customers--though not considered formal advertising--is also an acceptable answer.

2. The five parts of an ad are the headline, the illustration, the copy, the layout, and the business identification.

3. Students should include the five main parts in their ads. The ads should be simple, attractive, informative, and "catchy." The illustration should project an "image" that will appeal to particular kind(s) of customer. The most important information should be most prominent in the ad. Ads should also have a certain amount of "white space." Overly cluttered layouts are unappealing to readers and tend to confuse them regarding what information is important. In summary, ads should be creative and organized.

4. Have students share what they have learned about prices for different sizes of ads.

5. The Yellow Pages, fliers, having a grand opening, etc.

III. Responses to Discussion Questions

1. Allow the class some time to come up with really interesting ideas.

2a. Hints: When students decide on a Yellow Pages ad, they should use the prices for the largest city (from Individual Activity #4 above).

b. Besides taking out an ad in the Yellow Pages, Ramon can send out fliers, paint his car, etc.

IV. Group Activity

Answers will vary, depending on ads collected and students' perceptions. Try to point out as many themes as possible.

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Linda talks about getting the bills out, training employees in bookkeeping, and dealing with non-paying customers.

Text: Customer billing forms
Customer account forms

II. Responses to Individual Activities

1.

CUSTOMER BILLING FORM

Customer: Mindy Kaminsky

Payment Due Date: April 15

| Date | Description of Sale | Amount Charged | Payment Received | Balance Due |
|---|---|---|---|---|
| March 1 | Monthly service | $33.00 | | $33.00 |
| April 1 | Monthly service | $33.00 | --- | $66.00 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

2.

CUSTOMER BILLING FORM

Customer: Jody's Recording Studio

Payment Due Date: May 1

| Date | Description of Sale | Amount Charged | Payment Received | Balance Due |
|---|---|---|---|---|
| | | | | -0- |
| April 30 | Monthly service | $30.00 | | |
| | 15 calls @ $.15 | 2.25 | | $32.25 |
| | | | | |
| | | | | |
| | | | | |

III. Responses to Discussion Questions

1. Other financial records are payments for rent, supplies, etc. (accounts payable), payroll records, bank statements, and tax records.

2. It is important to keep financial records to know how the business is doing (e.g., through yearly P/L statements) and to be able to fill out tax forms. If accurate records are not kept on a regular basis, you may spend much extra time and energy sorting out your records at the end of the year.

IV. Group Activity

Get all your financial statements ready (daily cash sheets, payroll records, etc.). Find out from a reliable source what your rights are. If you feel uncomfortable about the interview, hire a lawyer or tax consultant to go with you.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Case Study: Linda talks about her profit/loss statement. She tells about being overstaffed and finding new business.

Text: The profit/loss statement
How to change the profit ratio
Increasing your number of clients
Raising your prices
Reducing your expenses
Expanding your services
A note on the future--computers

II. Responses to Individual Activities

1. For the first year, net profit was $25,000, the profit ratio was 50%, and the expense ratio was 50%. In the second year the net profit was $30,000, the profit ratio was 50%, and the expense ratio was 50%.

2. Raise prices, increase the number of clients, reduce expenses, or expand services.

III. Responses to Discussion Questions

1. If an answering service stays small, it does not have to keep adding new equipment and new employees. There is less organizing to do, and it can retain its personalized contact with its clients.

2. If standard switchboards become obsolete, it will take much more money to open an answering service. The number of small answering services will decrease.

3. Disadvantages to having your service in your home include: being interrupted by family members during working hours, and not being able to get away from either your "work" or your "home" because they are in the same place.

IV. Group Activity

Allow at least one class period plus homework time for students to plan.

Summary (30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

Emphasize major points of the module such as:

- Running an answering service is a small business opportunity for a person interested in operating a switchboard and providing other business services, but it must be planned carefully for it to be successful.

- Previous switchboard and business experience and a genuine liking of people are helpful qualities for an answering service owner to have.

- Hiring and keeping top quality switchboard personnel is a key part of running the business well.

- Keeping the customers--small businesses and private individuals--satisfied with your service is also vitally important.

- The needs of your customers and your available technology may change over time. Knowing how to analyze the business and to make necessary changes are important ways to keep the business successful.

Remind students that their study of this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

If possible, use a final wrap-up activity to help students apply what they have learned in the module. Possible ideas include the following.

- Have students discuss or write about how they see themselves owning an answering service now that they know more about it. If time runs short, students could do this on their own time as a means of self-assessment.

- Use one or more of the Group Activities that were not done earlier. (The first one, in Unit 1, "Visit to Class By the Owner of an Answering Service," might be particularly appropriate.) Feel free to combine, expand, and adapt the activities so that students can consider a more complete picture of running an answering service.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. b
2. a
3. a
4. b
5. c
6. c
7. b
8. a
9. a
10. b
11. a
12. c
13. a
14. c
15. b
16. c
17. c
18. a
19. c

## SUGGESTED READINGS

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Acknowledgment: Linda Lipsett, Owner, Accurate Answering Service, Los Altos, California.

## GOALS AND OBJECTIVES

Goal 1: To help you plan your answering service.

Objective 1: Describe the services, clients, and competition of an answering service.

Objective 2: List three personal qualities an answering service owner might have.

Objective 3: List three ways that an answering service might be special to "stand out from the crowd."

Objective 4: List two of the legal requirements you might have to consider before opening.

Goal 2: To help you choose a good location for your service.

Objective 1: List three things to think about in deciding where to locate your business.

Objective 2: Pick the best location for an answering service from three locations.

Objective 3: Decide whether your city or town would be a good location for an answering service.

Goal 3: To help you plan how to get money to start an answering service.

Objective 1: Write a business description for your business.

Objective 2: Fill out a form showing how much money you will need to start this business.

Goal 4: To help you choose the people who work for you.

Objective 1: List the information needed on a job description.

Objective 2: Choose the best person as an operator from a list of three.

Goal 5: To help you learn how to organize the work of an answering service.

Objective 1: Complete message and information cards for a client.

Goal 6: To help you decide how to set prices for your answering service.

Objective 1: Name the different types of pricing practices answering services use.

Objective 2: Set prices for your answering service given different operating factors.

Goal 7: To help you learn ways to advertise and sell your answering service.

Objective 1: Choose the best way to advertise your answering service depending on the amount of money you have.

Objective 2: Design a printed ad for your answering service for the Yellow Pages of a telephone book.

Goal 8: To help you keep track of money coming into an answering service.

Objective 1: Compute how much a client owes you and write out the bill.

Objective 2: Write out a monthly account for one client.

Goal 9: To help you learn how to keep your business "in the black."

Objective 1: Figure out the net profit, profit ratio, and expense ratio after being given a specific business situation.

Objective 2: Tell at least one way to increase profits in a business that is losing money.

Objective 3: Tell a way to increase the number of clients you have by changing or improving your service.



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